



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII 96813-3077

COMMITTEE ON BUDGET

Voting Members:
Ann H. Kobayashi, Chair
Joey Manahan, Vice Chair
Carol Fukunaga
Trevor Ozawa
Kymberly Marcos Pine

MINUTES

REGULAR MEETING
WEDNESDAY, MARCH 4, 2015

COUNCIL COMMITTEE MEETING ROOM
2ND FLOOR, HONOLULU HALE
HONOLULU, HAWAII 96813

Note: A copy of the video of the full proceedings of this meeting may be requested by calling the City Clerk's Office at 768-5822.

CALL TO ORDER

The regular meeting of the Committee on Budget was called to order by Committee Chair Ann H. Kobayashi at 9:04 a.m. Voting Members Fukunaga, Manahan, Ozawa and Pine were present at the meeting. Nonvoting Member, Councilmember Anderson, also attended the meeting.

STAFF PRESENT

Steve Uyeno, Senior Advisor to Committee Chair Kobayashi
Catherine Pligavko, Analyst, Office of Council Services
Lloyd Yoshioka, Attorney, Office of Council Services
Amy Kondo, Deputy, Department of the Corporation Counsel, assigned to the Committee
Gail Uehara, Council Committee Aide, Office of the City Clerk

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ORDER OF BUSINESS

APPROVAL OF MINUTES

The minutes of the Committee on Budget meeting held on February 11, 2015 were approved as circulated.

AYES: MANAHAN, OZAWA, PINE, KOBAYASHI – 4.

NOES: None.

EXCUSED: FUKUNAGA - 1.

SUNSHINE ITEMS

At this juncture, Committee Chair Kobayashi moved to add to the agenda Resolution 15-58 and Resolution 15-59, pursuant to HRS, Section 92-7, the Sunshine law.

With no objections from the four members present, Resolution 15-58 and Resolution 15-59 were added to the agenda to be considered at the end of the Action Items.

AYES: MANAHAN, OZAWA, PINE KOBAYASHI - 4.

NOES: None.

EXCUSED: FUKUNAGA - 1.

FOR ACTION

1. RESOLUTION 15-34 – COMMITTEE REPORT 78

PERFORMANCE BOND. Urging the City Administration to refrain from requiring the provision of a performance bond in public private partnerships that do not involve the expenditure of City funds.

The following amendment was circulated at the meeting:

PROPOSED CD1 TO RESOLUTION 15-34 -- (Submitted by Councilmember Kobayashi) The proposed CD1 (OCS2015-0154/3/2/2015 10:32 AM) amends the BE IT RESOLVED CLAUSE to read as follows:

BE IT RESOLVED by the Council of the City and County of Honolulu that it urges the City Administration to refrain from requiring the provision of a performance bond for projects that will be the product of partnerships between the City and a private sector party, when all project funding and warranties will be provided by the private sector partner and the provision of the bond is not required by procurement laws, rules and regulations; and

Administration/Others

Nelson H. Koyanagi Jr., Director, Department of Budget and Fiscal Services
(BFS)

Wendy Imamura, Central Purchasing & Contracts Administrator, BFS

There was no public testimony.

Councilmember Anderson gave a brief explanation of the Resolution.

Director Koyanagi testified in support of the CD1 and stated that they would consider the projects on a case by case basis.

In response to Committee Member Pine's question, Administrator Imamura explained that the City requires a performance bond to ensure projects are completed. She noted that the definition of a public private partnership is unclear and that the State Legislature is working on legislation to legalize those types of partnerships. The BFS Administrator added that she hopes the term would be properly defined to enable the State Procurement Office to establish rules on how to govern public private partnerships.

Resolution 15-34 was amended to the handcarried CD1 (OCS2015-0154/3/2/2015 10:32 AM) and reported out for adoption.

AYES: FUKUNAGA, MANAHAN, OZAWA, PINE, KOBAYASHI – 5.
NOES: None.

2. RESOLUTION 15-35 – COMMITTEE REPORT 79

SELECTION OF PUBLIC PRIVATE PARTNERSHIPS ON A BEST VALUE SOLUTION. Urging the City Administration to base the selection of public private partnerships that do not involve the expenditure of City funds on a best value solution with the highest return on investment and/or the lowest life cycle cost.

Administration/Others

Nelson H. Koyanagi Jr., Director, Department of Budget and Fiscal Services
(BFS)
Wendy Imamura, Central Purchasing & Contracts Administrator, BFS

There was no public testimony.

Councilmember Anderson explained that the Resolution was introduced to encourage more companies to bid for City projects.

The BFS representatives testified in support of the measure, however, offered an amendment to broaden the language in the Be It Resolved clause to include the following language that the best value solution also be based on the useful life of the solution.

Committee Chair Kobayashi noted that the Administration's amendment would be considered in a possible floor draft of the Resolution.

Committee Member Ozawa voiced his support for the Resolution and stated that the measure promotes fairness in the selection process.

Resolution 15-35 reported out for adoption.

AYES: FUKUNAGA, MANAHAN, OZAWA, PINE, KOBAYASHI – 5.
NOES: None.

3. RESOLUTION 15-41

COUNTY SURCHARGE. Urging the Department of Budget and Fiscal Services and the State Department of Taxation to report to the Council the amounts collected from the County surcharge.

Administration/Others

Nelson H. Koyanagi Jr., Director, Department of Budget and Fiscal Services

There was no public testimony.

Director Koyanagi testified that the County surcharge collection started in the year 2007 and that the total amount collected through December 31, 2014 was over \$1.4 billion. The State retained about \$156 million of the surcharge collection over that same timeframe. He added that the State submits the surcharge collection payments to the City on a quarterly basis and also provides an outline of their payment and retention amounts.

Committee Member Manahan explained that he would be requesting a deferral on the Resolution since the State Legislature would be addressing the matter.

In response to Committee Member Pine's question, the Director stated that his understanding is that the State deposits its share into the General Fund to pay for anything allowed for that Fund.

Action on Resolution 15-41 deferred.

AYES: FUKUNAGA, MANAHAN, OZAWA, PINE, KOBAYASHI – 5.
NOES: None.

Related communications:

M-329 Michele Matsuo, Time Out Honolulu (support)
M-352 Natalie Iwasa (support)

4. RESOLUTION 15-50 – COMMITTEE REPORT 81

INTERGOVERNMENTAL AGREEMENT WITH THE STATE OF HAWAII, DEPARTMENT OF HUMAN SERVICES, OFFICE OF YOUTH SERVICES. Authorizing the Mayor, the Director of Community Services, or the Director's designated representatives to enter into an intergovernmental agreement with the State of Hawaii, Department of Human Services, Office of Youth Services (OYS), to continue funding of the Juvenile Justice Center.

Administration/Others

Gary K. Nakata, Director Designate, Department of Community Services
(DCS)

There was no public testimony.

Director Designate Nakata testified in support of the Resolution stating that that the funds would allow the DCS to continue to provide support for at-risk youths.

In response to Committee Chair Kobayashi's question, the Director Designate stated that he would provide the Council with an updated report on the Juvenile Justice Center.

The Committee Chair noted that the Resolution contained a copy of last year's Resolution as an attachment and asked the Director Designate to review the Resolution with the understanding that a floor draft may be needed should the attached Resolution be unnecessary.

Resolution 15-50 reported out for adoption.

AYES: FUKUNAGA, MANAHAN, OZAWA, PINE, KOBAYASHI – 5.
NOES: None.

Related communication:

D-98 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal services transmitting Resolution 15-50.

5. RESOLUTION 15-40 – COMMITTEE REPORT 80

CONSOLIDATED PLAN. Approving the City and County of Honolulu's Consolidated Plan for Program Years 2016 - 2020 for Community Development Block Grant, HOME Investment Partnerships, Emergency Solutions Grants and Housing Opportunities for Persons with AIDS programs, and authorizing its submittal to the U.S. Department of Housing and Urban Development

Administration/Others

Nelson H. Koyanagi Jr., Director, Department of Budget and Fiscal Services
Gary K. Nakata, Director Designate, Department of Community Services
(DCS)

There was no public testimony.

Director Koyanagi and Director Designate Nakata testified in support of the Resolution noting that the plan focuses on homelessness and affordable housing, but also allows other priorities such as facilities and economic development.

In response to the inquiries, the DCS Director Designate agreed to provide the Council with the following:

- A cost estimate for the Housing First wrap around services
- State Senator Donna Mercado Kim's perspective on the Housing First Sand Island site

The Committee Chair recommended that the Resolution be reported out for adoption with the caveat that an amendment may be made to remove erroneous pages if the Administration agrees.

Resolution 15-40 reported out for adoption.

AYES: FUKUNAGA, MANAHAN, OZAWA, PINE, KOBAYASHI – 5.
NOES: None.

Related communication:

D-79 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services transmitting Resolution 15-40.

6. BILL 5 (2015)

REAL PROPERTY TAX EXEMPTIONS. Removing systems powered by solar energy from the definition of alternate energy improvements that qualify for a real property tax exemption.

Administration/Others

Gary Kurokawa, Deputy Director, Department of Budget and Fiscal Services
Lloyd Yoshioka, Attorney, Office of Council Services

There was no public testimony.

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The Deputy Director explained the purpose of the Bill and noted that photovoltaic systems are currently not assessed for real property taxes because it is considered part of the house, therefore, a real property tax exemption is not needed. He stated that the Bill would help the Real Property Assessment Division from having to process the 2,500 applications previously submitted requesting real property tax exemptions for photovoltaic systems.

Mr. Yoshioka explained that a new Bill would be needed because of possible inconsistencies with the Bill's purpose clause.

Action on Bill 5 (2015) deferred.

AYES: FUKUNAGA, MANAHAN, OZAWA, KOBAYASHI – 4.
NOES: None.
EXCUSED: PINE - 1.

Related communication:

D-63 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services transmitting Bill 5 (2015).

7. BILL 10 (2015) – COMMITTEE REPORT 77

CAR SHARING. Establishing a pilot program to test the utility of the public transit system to improve the mobility of Honolulu residents by providing support and regulation to car-sharing organizations.

The following amendment was posted on the agenda:

PROPOSED CD1 TO BILL 10 (2015) – (Submitted by Councilmember Kobayashi)
The CD1 (OCS2015-0100/2/12/2015 2:47 PM) amends the bill to add a new subsection 13-_.3(h) to establish that car-sharing parking decals are not effective during parades, special events or during tow-away zone hours.

The following amendment was circulated at the meeting:

PROPOSED CD1 TO BILL 10 (2015) – (Submitted by Councilmember Ozawa) The CD1 (OCS2015-0169/3/3/2015 4:48 PM) makes the following amendments:

1. Change the number of reserved car-sharing parking stalls from 125 to 50.

2. Change the set dollar amount for the annual fee for car sharing meter parking decals from \$2,500 to \$750.
3. Add a new subsection 13-_.3(h) to establish that car-sharing parking decals are not effective during parades, special events or during tow-away zone hours.
4. Make various technical and non-substantive changes.

Administration/Others

Mark N. Garrity, Deputy Director, Department of Transportation Services

Committee Member Ozawa explained the handcarried proposed CD1 and his reason for introducing Bill 10 (2015). He noted that protecting citizen's right to use on-street metered stalls was the major difference between the Bill and a similar measure introduced last year. The Committee Member stated that further work on the Bill's details would still be needed.

Deputy Director Garrity testified that the Administration is in support of the measure noting that it views car-sharing as another means of providing accessible transportation and one solution to the traffic problem.

The following individuals testified in support:

1. Shem Lawlor, Blue Planet Foundation (M-342)
2. Walter Rosenkranz, Business Development Manager, Car2Go (M-334)

In response to the Committee's questions, Mr. Rosenkranz agreed to provide a map of the proposed residential areas where car-sharing members could begin and end their rentals and shared his operating experience in other municipalities.

3. Gary M. Slovin, Enterprise Holdings, LLC (M-346)
4. Jade Butay, Deputy Director, State of Hawaii Department of Transportation (M-350)

Committee Member Ozawa suggested that a presentation by the car-sharing organizations may be helpful. He also noted that the point of the Bill was to offer another mode of transportation at a reasonable price and to decrease traffic congestion.

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Bill 10 (2015) amended to the handcarried CD1 (OCS2015-0169/3/3/2015 4:48 PM)
and reported out for passage on second reading and scheduling of a public hearing.

AYES: FUKUNAGA, MANAHAN, OZAWA, PINE, KOBAYASHI – 5.
NOES: None.

Related communications:

M-292	Tom McLaughlin (support)
M-293	Liberty Peralta (support)
M-294	Brian Freeman (support)
M-295	Jeff Gaskell (support)
M-296	Stephanie Chang (support)
M-297	Theodore A. Peck (support)
M-300	James McCay (support)
M-330	Caterine Picardo (support)
M-331	Asia Yeary (support)
M-332	Jeff Merz (support)
M-333	Murray Clay, Managing Partner, Ulupono Initiative (support)
M-334	Walter Rosenkranz, Business Development Manager, Car2Go (support)
M-335	Marsha Johnson (support)
M-336	Carl Campagna, Environmental Caucus (support)
M-337	Dan Grossman, Zipcar (support)
M-338	Justine Espiritu (support)
M-339	Erica Yamauchi (support)
M-340	Tyler Kruse (support)
M-341	Clarice Schafer (support)
M-342	Shem Lawlor, Blue Planet Foundation (support)
M-343	Jonas Vibell (support)
M-344	Shiloh Swanson (support)
M-345	Ben Robinson (support)
M-346	Gary M. Slovin / Mihoko E. Ito, Enterprise Holdings, LLC (support)
M-347	Brooke Wilson, The Pacific Resource Partnership (support)
M-348	Warren Doi (support)
M-349	Sharon, Moriwaki, Co-Chair, Hawaii Energy Policy Forum (support)
M-350	Ford N. Fuchigami, Director, State of Hawaii Department of Transportation (support)

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M-351 Daniel Alexander, Hawaii Bicycling League (support)
M-353 Leo R. Ascuncion, Acting Director, State of Hawaii Office of
Planning (support)

8. Bill 1 (2015) – COMMITTEE REPORT 75

REAL PROPERTY TAX RELIEF. Providing real property tax relief for certain properties that are used as low-income rental housing.

The following amendment was posted on the agenda:

PROPOSED CD1 TO BILL 1 (2015) – (Submitted by Councilmember Kobayashi)
The proposed CD1 (OCS2015-0135/2/24/2015 8:29 AM) makes various technical and non-substantive changes.

Administration/Others:

Gary Kurokawa, Deputy Director, Department of Budget and Fiscal Services
(BFS)

There was no testimony from the public.

Deputy Director Kurokawa testified in support of the Bill and suggested an amendment to add a definition for low income rental housing to clarify that the rent charged meets low income rental rates established by the U.S. Department of Housing and Urban Development.

Committee Chair Kobayashi explained that the purpose of the Bill was to protect renters who may be affected by rent increases due to the reclassification of the rental property to the higher Residential A tax rate.

The Committee Chair recommended that the Bill be amended to the posted CD1 and to also include the BFS' suggested amendment.

Bill 1 (2015) amended to a CD1 and reported out for passage on third reading

AYES: FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 4
NOES: None.
EXCUSED: OZAWA – 1.

CD1 to Bill 1 (2015) – The CD1 (OCS2015-0177/3/5/2015 1:25 PM) makes the following amendments:

1. Adds a new subsection (a) to add a definition of low income rental housing;
2. Amends the renumbered subsection (b)(3) to read as follows:

The rental home or apartment unit is rented at a rate that meets the requirements of low-income rental housing as defined in subsection (a); and
3. Renumbers the subsections and references within the bill.

9. BILL 2 (2015), CD1 – COMMITTEE REPORT 76

OTHER POST-EMPLOYMENT BENEFITS RESERVE FUND. Repealing Article 64 of Chapter 6, Revised Ordinances of Honolulu 1990, relating to the Other Post-Employment Benefits Reserve Fund.

Administration/Others

Nelson H. Koyanagi Jr., Director, Department of Budget and Fiscal Services

There was no public testimony.

Director Koyanagi testified in support of the Bill stating that since the State has established a trust fund for City employees the Other Post-Employment Benefits (OPEB) Reserve Fund is no longer necessary.

In response to Committee Chair Kobayashi's question, the Director stated that there is no money in the OPEB Reserve Fund.

Bill 2 (2015), CD1 reported out for passage on third reading

AYES: FUKUNAGA, MANAHAN, PINE, KOBAYASHI – 4
NOES: None.
EXCUSED: OZAWA – 1.

At this juncture, Committee Chair Kobayashi announced that Addendum items Resolution 15-58 and Resolution 15-59 would be taken up together.

ADDENDUM ITEMS

1. RESOLUTION 15-58 – COMMITTEE REPORT 82

AMENDING HONOLULU'S TWENTIETH (20TH) YEAR ACTION PLAN. Approving an amendment to the City and County of Honolulu's Twentieth (20th) Year Action Plan for Community Development Block Grant, HOME Investment Partnerships, Emergency Solutions Grants and Housing Opportunities for Persons with AIDS Program Funds, and authorizing its submittal to the U.S. Department of Housing and Urban Development (HUD).

2. RESOLUTION 15-59 – COMMITTEE REPORT 83

TWENTIETH (20TH) YEAR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS. Relating to the reprogramming of the City's Twentieth (20th) Year Community Development Block Grant (CDBG) Funds.

Administration/Others

Nelson H. Koyanagi Jr., Director, Department of Budget and Fiscal Services
(BFS)

Gary K. Nakata, Director Designate, Department of Community Services

There was no public testimony.

Director Koyanagi and Director Designate Nakata testified that the Resolutions are necessary to allow the City to reprogram funds in order to meet its timeliness test to expend CDBG funds. The City would reprogram \$2,853,393 in CDBG funds to Trillium Housing Services on behalf of Kaneohe Meli Partnership LP, Kaneohe Elderly Apartments project.

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In response to the Committee's inquiries, the BFS Director provided the following:

- The Administration reviewed the list of projects that had gone through the vetting process and none of them met the timeliness test. Therefore, a Request For Proposal was issued and the Kaneohe Elderly Apartments project was selected.
- An update on the Weed and Seed project and all projects receiving grant monies would be provided to the Council.

Committee Chair Kobayashi requested that the Administration create a list of projects that have gone through the vetting process and are ready to proceed should funds become available.

Resolution 15-58 reported out for adoption.

AYES: FUKUNAGA, MANAHAN, OZAWA, PINE, KOBAYASHI – 5.
NOES: None.

Related communication:

D-102 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services transmitting Resolution 15-58.

Resolution 15-59 reported out for adoption.

AYES: FUKUNAGA, MANAHAN, OZAWA, PINE, KOBAYASHI – 5.
NOES: None.

Related communication:

D-103 Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services transmitting Resolution 15-59.

FOR DISCUSSION

10. THE HONOLULU ZOO'S CONCESSIONS, LEASES, AND FEES.

Administration/Others

Tracy S. Kubota, Acting Director, Department of Enterprise Services
Dr. Baird Fleming, Director, Honolulu Zoo
Ted Otaguro, Executive Director, Honolulu Zoo Society

There was no public testimony.

Acting Director Kubota stated that the Honolulu Zoo's two sources of revenue are from a parking lot concession and a management agreement for the gift shop and food concession. She explained that last year, the gift shop collected \$390,000 while the parking lot collected \$630,000 and that those monies were deposited into the Special Events Fund to support the Honolulu Zoo's operations. The Kapiolani Park Trust does not allow leases on their property. However, the Honolulu Zoo does charge an admission fee which is governed by Ordinance.

The DES Acting Director noted that the Honolulu Zoo has a cooperative agreement with the Honolulu Zoo Society, a 501(c)(3) tax-exempt non-profit organization, which has non-exclusive use of the Honolulu Zoo facility and is not charged for office or parking space in order to support the Honolulu Zoo's activities.

In response to the Committee's inquiries, Executive Director Otaguro provided the following:

- The Honolulu Zoo Society funds the maintenance of their office trailer, and pays the City for the utilities.
- The Honolulu Zoo's annual membership averages 11,000 households and collects \$550,000 in dues used to support the Honolulu Zoo. The annual membership rates were also provided.
- The Honolulu Zoo Society consists of seven full-time and five part-time staff. They also have eight to twelve on-call employees that help with the summer camp program.
- The history of the Honolulu Zoo Society and an explanation of their support services to the Honolulu Zoo.

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In response to the Committees inquiries, Acting Director Kubota and Zoo Director Fleming provided the following:

- The Honolulu Zoo's daily admission rates.
- Last year, the Honolulu Zoo had 600,000 visitors and collected \$4.7 million in admission fees.
- Currently, Service Systems Associates run the Honolulu Zoo's gift shop and food concession, their contract expires in September 2017.
- The Zoo Director has been in talks with the hotel industry to promote the Honolulu Zoo to visitors.
- An explanation of the Honolulu Zoo's hallmark exhibits and plans for obtaining native Hawaiian birds as well as a salamander from Asia.
- The following would be provided to the Committee:
 - Management agreement for the Honolulu Zoo gift shop and food concession
 - Cooperative agreement with the Honolulu Zoo Society
 - Status of the Zoo Animal Purchase Fund

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:13 a.m.

Respectfully submitted,


GLEN TAKAHASHI
Acting City Clerk

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DATE APPROVED

April 1, 2015